

BUDGETWATCH

May 2015 Flash Report

Summary of April Budgetwatch (reporting on operations through March and subsidies through April):

Overall, results through April were favorable mainly as a result of higher collections of real estate transaction taxes that were slightly offset by unfavorable Payroll Mobility Tax receipts. Operating results, encompassing passenger/toll revenues and operating expenses, were on target YTD. Unfavorable YTD passenger revenue reflected lower revenue in January and February (the result of harsh weather) that was partially offset by favorable March passenger revenue, while YTD toll revenue was favorable. March YTD operating expenses were slightly favorable reflecting timing-related variances as well as lower fuel and fringe benefit expenses; this was mostly offset by higher weather-related overtime expenses.

Overall Latest Condition (reporting on operations through April and subsidies through May):

Overall, preliminary net results were positive for the month as favorable real estate transaction taxes, toll revenue and debt service were partially offset by lower collections of the Payroll Mobility Tax (PMT). YTD results were positive for these same reasons.

Operating results, encompassing passenger/toll revenues and operating expenses, were slightly favorable both for the month and YTD. Toll revenue remained favorable in April while passenger revenue collections in April were on target. April YTD operating expenses were on target, reflecting timing-related variances, vacancies, as well as lower fuel and fringe benefit expenses; this was partially offset by higher overtime expenses due to weather and other operating needs.

YTD debt service costs were favorable due to the timing of deposits and lower variable rates. Subsidies were above target YTD on the strength of Urban Tax, Mortgage Recording Tax (MRT) and Petroleum Business Tax (PBT) receipts; PMT receipts continue to run below target.

Passenger and Toll Revenues

YTD April 2015 (\$ in millions)					Month of April 2015 (\$ in millions)				
	<u>Actual</u>	<u>Adopted Budget</u>	<u>Diff</u>	<u>% Diff</u>		<u>Actual</u>	<u>Adopted Budget</u>	<u>Diff</u>	<u>% Diff</u>
NYCT:					NYCT:				
Subway	\$1,041.3	\$1,054.4	(\$13.1)	-1.2%	Subway	\$279.2	\$278.3	\$0.9	0.3%
Bus	303.3	316.2	(12.9)	-4.1%	Bus	81.3	82.8	(1.6)	-1.9%
Other	<u>20.1</u>	<u>20.7</u>	<u>(0.7)</u>	<u>-3.2%</u>	Other	<u>5.1</u>	<u>5.2</u>	<u>(0.1)</u>	<u>-1.8%</u>
NYCT	\$1,364.7	\$1,391.3	(\$26.6)	-1.9%	NYCT	\$365.6	\$366.4	(\$0.8)	-0.2%
LIRR	210.9	211.0	(0.1)	-0.1%	LIRR	56.5	55.8	0.7	1.3%
MNR	<u>207.1</u>	<u>209.1</u>	<u>(2.0)</u>	<u>-1.0%</u>	MNR	<u>56.0</u>	<u>56.2</u>	<u>(0.2)</u>	<u>-0.4%</u>
Sub-total	\$1,782.7	\$1,811.4	(\$28.7)	-1.6%	Sub-total	\$478.1	\$478.4	(\$0.2)	0.0%
B&T	<u>534.5</u>	<u>520.6</u>	<u>13.9</u>	<u>2.7%</u>	B&T	<u>151.8</u>	<u>144.5</u>	<u>7.3</u>	<u>5.1%</u>
Total	\$2,317.2	\$2,332.0	(\$14.8)	-0.6%	Total	\$629.9	\$622.8	\$7.1	1.1%

For the month, **passenger revenues** were on target; slightly higher revenue for NYCT Subway and the LIRR offset lower NYCT Bus revenue. Metro-North was on target. As a result, there was no material change in the previously reported unfavorably YTD passenger revenue variance, which mostly resulted from severe weather in January and February and the Metro-North Valhalla collision in February. **Toll revenues** were favorable for both the month and YTD primarily due to higher than anticipated traffic levels stemming from improvements in the local economy, stable gas prices, and a less-than-expected negative impact from the March 22nd toll increase.

Total Operating Expenses before Non-Cash Liability Adjustments

	YTD April 2015 (\$ in millions)				Month of April 2015 (\$ in millions)				
	Adopted		Diff	%Diff	Adopted		Diff	%Diff	
	Actual	Budget			Actual	Budget			
NYCT	\$2,217.3	\$2,199.1	(\$18.2)	-0.8%	NYCT	\$567.0	\$552.5	(\$14.5)	-2.6%
LIRR	456.3	481.5	25.3	5.2%	LIRR	109.8	121.1	11.3	9.3%
MNR	394.3	404.6	10.3	2.5%	MNR	95.4	99.7	4.3	4.3%
B&T	<u>136.2</u>	<u>148.6</u>	<u>12.4</u>	<u>8.3%</u>	B&T	<u>36.4</u>	<u>39.0</u>	<u>2.5</u>	<u>6.5%</u>
Total	\$3,204.1	\$3,233.8	\$29.8	0.9%	Total	\$808.6	\$812.3	\$3.6	0.4%

Overall, April expenses were on Budget. The LIRR was favorable by \$11.3 million, or 9.3%, mainly due to lower expenses for payroll, health & welfare and OTPS costs. MNR was favorable by \$4.3 million, or 4.3%, mainly due to fuel and lower maintenance and other operating contracts expenses. B&T was favorable by \$2.5 million, or 6.5%, largely due to vacancies. These results were mostly offset by higher expenses at NYCT of \$14.5 million that was mostly the net result of timing. NYCT experienced higher costs for overtime and electric power that were mostly offset by lower fuel costs.

Year-to-date preliminary expenses were \$29.8 million, or 0.9%, favorable. The LIRR was favorable by \$25.3 million, or 5.2%, reflecting timing, lower payroll, pensions, health & welfare and OTPS costs, which were partially offset by higher weather-related overtime. MNR was favorable by \$10.3 million, or 2.5%, mainly due to the timing of contracted services, vacancies, and lower fuel expenses, partly offset by higher weather-related overtime and other business expenses (including the write-off of the M-7 cars involved in the Valhalla collision). B&T was \$12.4 million, or 8.3%, favorable mainly due to vacancies and the timing of major maintenance projects. These results were mostly offset by \$18.2 million in higher expenses at NYCT; this mainly reflected higher timing-related professional services costs and weather-related overtime expenses, that were partly offset by lower fuel prices.

Overtime

	YTD April 2015 (\$ in millions)				Month of April 2015 (\$ in millions)				
	Adopted		Diff	%Diff	Adopted		Diff	%Diff	
	Actual	Budget			Actual	Budget			
NYCT	\$160.9	\$131.2	(\$29.7)	-22.7%	NYCT	\$36.2	\$30.9	(\$5.3)	-17.0%
LIRR	42.8	34.3	(8.4)	-24.6%	LIRR	8.2	8.0	(0.2)	-2.3%
MNR	31.7	29.5	(2.2)	-7.5%	MNR	7.1	7.1	0.0	0.0%
B&T	<u>8.7</u>	<u>8.4</u>	<u>(0.3)</u>	<u>-3.5%</u>	B&T	<u>1.9</u>	<u>1.9</u>	<u>(0.0)</u>	<u>-2.3%</u>
Total	\$244.1	\$203.4	(\$40.7)	-20.0%	Total	\$53.4	\$47.9	(\$5.5)	-11.5%

Overall expenses for the month were unfavorable at NYCT; the remaining Agencies were on budget. NYCT overtime was driven by requirements for maintenance, service and vacancy coverage. Year-to-date preliminary overtime expenses were \$40.7 million, or 20.0% unfavorable to budget, mainly due to increased coverage requirements resulting from adverse winter weather conditions, both snow and temperature related, during the first three months of the year. Maintenance, service and vacancy/absenteeism coverage also contributed to the overage.

Debt Service

Debt service expenses for April were \$178.9 million, which was \$30.5 million, or 14.6%, favorable due to the timing of Transportation Revenue Bond and TBTA Subordinate Bond deposits and lower variable rates. April YTD debt service costs were 813.3 million, which was \$57.0 million, or 6.5%, favorable due to the timing of deposits and lower variable rates.

State Dedicated Taxes and Fees

YTD May 2015 (\$ in millions)					Month of May 2015 (\$ in millions)				
	<u>Actual</u>	<u>Adopted Budget</u>	<u>Diff</u>	<u>% Diff</u>		<u>Actual</u>	<u>Adopted Budget</u>	<u>Diff</u>	<u>% Diff</u>
MMTOA	\$152.0	\$152.0	\$0.0	0.0%	MMTOA	\$152.0	\$152.0	\$0.0	0.0%
PBT	249.2	234.7	14.5	6.2%	PBT	47.8	47.2	0.6	1.3%
PMT ¹	635.3	673.3	-38.0	-5.6%	PMT ¹	129.5	149.2	-19.7	-13.2%
MTA Aid ²	<u>68.3</u>	<u>71.6</u>	<u>-3.3</u>	<u>-4.6%</u>	MTA Aid ²	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
Total	\$1,104.8	\$1,131.6	-\$26.8	-2.4%	Total	\$329.3	\$348.4	-\$19.1	-5.5%

1) PMT replacement funds totaling \$309 million for the year, excluded from the results reported in this table, are projected to be received in five equal installments of \$61 million.

2) MTA Aid includes the License Fee, Vehicle Registration Fee, Taxi Fee, Automobile Rental Fee.

MMTOA receipts for May and YTD of \$152.0 million were on target. Petroleum Business Tax (PBT) receipts for May were \$47.8 million, \$0.6 million (1.3%) favorable. Year-to-date, PBT receipts were \$249.2 million, \$14.5 million (6.2%) favorable, mostly reflecting the non-seasonal nature of PBT receipts as monthly forecasts are based on prior year experience.

May Payroll Mobility Tax (PMT) preliminary receipts of \$129.5 million were \$19.7 million (13.2%) unfavorable. YTD PMT preliminary collections of \$635.3 million were \$38.0 million (5.6%) unfavorable and have not kept pace with the MTA region salary and wage growth projection of 4.7% used in formulating the 2015 Budget. In fact, YTD PMT receipts are running \$12 million lower than receipts through May 2014. The MTA continues to monitor this tax closely in preparation for revising projections for the Mid-Year Forecast. The second quarterly MTA Aid payment will be made in June; year-to-date MTA Aid receipts were \$68.3 million, \$3.3 million or 4.6% unfavorable, and a portion of this variance, based on prior experience, is likely timing-related.

Real Estate Transaction Taxes

YTD May 2015 (\$ in millions)					Month of May 2015 (\$ in millions)				
	<u>Actual</u>	<u>Adopted Budget</u>	<u>Diff</u>	<u>% Diff</u>		<u>Actual</u>	<u>Adopted Budget</u>	<u>Diff</u>	<u>% Diff</u>
MRT	\$169.3	\$151.5	\$17.9	11.8%	MRT	\$33.9	\$30.3	\$3.6	11.8%
NYC Urban	<u>432.0</u>	<u>282.4</u>	<u>\$149.6</u>	<u>53.0%</u>	NYC Urban	<u>\$93.7</u>	<u>56.5</u>	<u>\$37.3</u>	<u>66.0%</u>
Total	\$601.3	\$433.8	\$167.5	38.6%	Total	\$127.6	\$86.8	\$40.8	47.1%

Total real estate taxes for May were \$40.8 million (47.1%) favorable to budget, improving the YTD variance to \$167.5 million (38.6%). YTD, the Real Estate Transaction Taxes are ahead of 2014 levels by \$158.8 million, or 35.9%, reflecting improvements in both Urban Tax and MRT receipts.

Regional Mortgage Recording Tax¹ receipts for May were \$3.6 million or 11.8% higher than the budget; MRT-1 was favorable by \$3.7 million, while MRT-2 receipts were unfavorable by \$0.2 million. YTD MRT receipts were favorable by \$17.9 million, or 11.8%, with MRT-1 receipts \$18.8 million favorable and MRT-2 receipts \$0.9 million unfavorable.

New York City Urban Tax² receipts for May were \$37.3 million or 66.0% favorable, making YTD Urban Tax receipts \$149.6 million (53.0%) favorable. For May, the Real Property Transfer Tax (RPTT) portion of the Urban Tax was favorable by \$29.3 million or 77.4%, while the MRT portion of the Urban Tax was \$7.9 million or 42.6% favorable. One significantly large real estate transaction accounted for \$16.0 million in RPTT and \$4.5 million in MRT, representing 24% of the RPTT and 17% of the MRT collections for the month. Urban Tax revenues have averaged \$86.4 million per month through May, exceeding the 2014 YTD monthly average by \$20.0 million or 33.0%.

¹ Mortgage Recording Taxes consist of two separate taxes on mortgages recorded in the twelve-county region: MRT-1 is a tax on all mortgages, while MRT-2 is also imposed on residential real estate structures containing up to six dwelling units.

² New York City Urban Taxes are imposed on commercial property and apartment building transactions within New York City. The MRT component is imposed on mortgages exceeding \$500,000, and the Real Property Transfer Tax component is imposed on transfers exceeding \$500,000.

May 2015 BudgetWatch

Regional Economy

Effective with the April 2015 release of local employment data, the U.S. Bureau of Labor Statistics is providing MTA region employment along different geographic boundaries than those used prior to April 2015. The table below illustrates the former and current geographic regions for employment data:

Former Labor <u>Mkt Areas</u>	New Labor <u>Mkt Areas</u>
New York City	New York City
Nassau Suffolk	Nassau Suffolk
Westchester Putnam Rockland	Westchester Rockland Orange
Dutchess Orange	Putnam Dutchess

May 2015 BudgetWatch Regional Economy

New York City Employment

Sectors with Employment Gains in March 2015 Compared to March 2014

- Education and Health Svcs
- Professional and Business Svcs
- Leisure and Hospitality
- Construction, Mining, Nat Res
- Transportation, Utilities
- Trade
- Other Services
- Financial Activities
- Information
- Government



Sectors with Employment losses in March 2015 Compared to March 2014

- Manufacturing

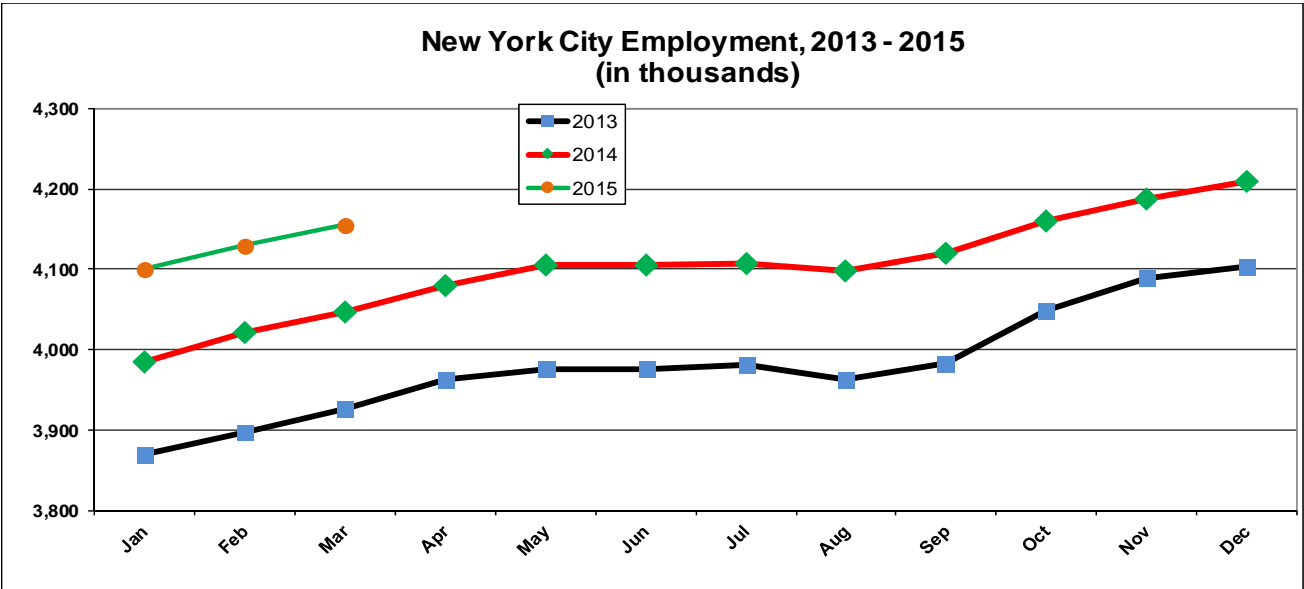
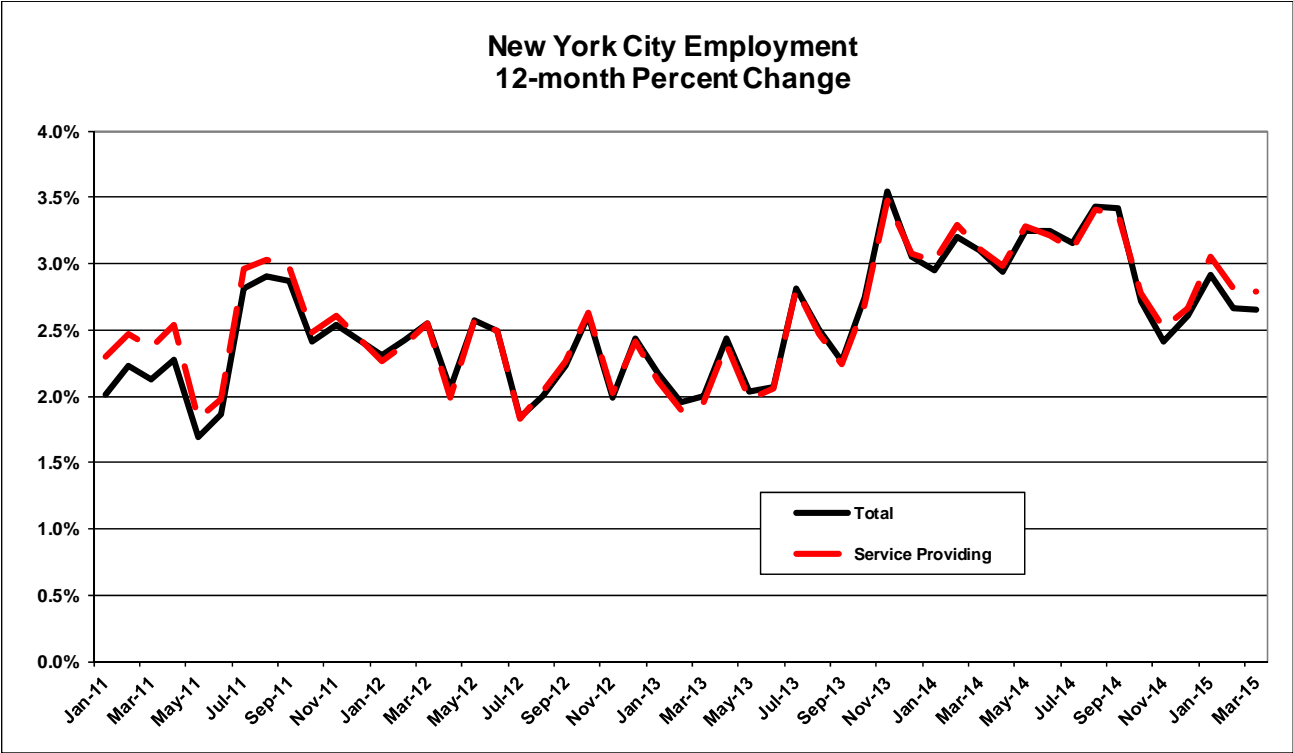


New York City Employment (in thousands)	Prelim		Revised Feb-15	Gain / (Loss) Mar-15 vs			
	Mar-15	Mar-14		Feb-15		Mar-14	
			Net	Percent	Net	Percent	
Total Employment	4155.0	4129.3	4047.7	25.7	0.6%	107.3	2.7%
Goods Producing	198.0	193.2	197.9	4.8	2.5%	0.1	0.1%
Construction, Mining, Nat Res	123.5	119.2	122.0	4.3	3.6%	1.5	1.2%
Manufacturing	74.5	74.0	75.9	0.5	0.7%	(1.4)	-1.8%
Service Producing	3957.0	3936.1	3849.8	20.9	0.5%	107.2	2.8%
Transportation, Utilities	124.3	123.2	123.6	1.1	0.9%	0.7	0.6%
Trade	495.7	495.4	481.6	0.3	0.1%	14.1	2.9%
Information	187.7	186.3	184.1	1.4	0.8%	3.6	2.0%
Financial Activities	452.0	450.8	443.6	1.2	0.3%	8.4	1.9%
Education & Health Svcs	680.8	678.7	654.5	2.1	0.3%	26.3	4.0%
Professional & Business Svcs	878.8	872.3	848.6	6.5	0.7%	30.2	3.6%
Leisure & Hospitality	407.8	404.6	394.1	3.2	0.8%	13.7	3.5%
Other Services	183.9	181.5	176.8	2.4	1.3%	7.1	4.0%
Government	546.0	543.3	542.9	2.7	0.5%	3.1	0.6%

Preliminary March 2015 employment in New York City shows a gain of 107.3 thousand jobs (an increase of 2.7%) compared to last March's employment level. This marks the fifty-fifth consecutive month in which employment has improved over its level from one year earlier. The Professional & Business Services and Education & Health Services sectors experienced the greatest gains among the major sectors, adding 30,200 and 26,300 jobs, respectively, over the past twelve months.

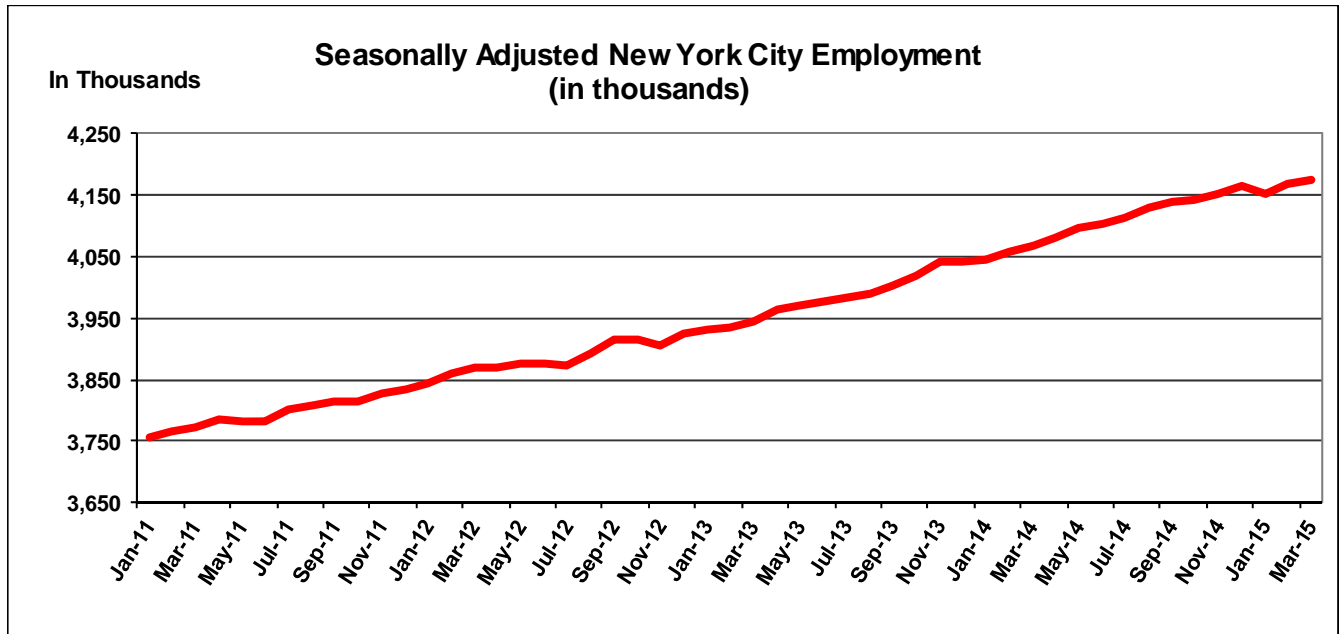
Employment in New York City's service-producing sectors increased by 107.2 thousand jobs, an increase of 2.8% over the March 2014 level. Private-sector service-providing employment in New York City increased by 104.1 thousand jobs, 3.1% higher than the level of one year ago, and March marks the sixtieth consecutive month that has seen a year-to-year improvement of more than one percent.

May 2015 BudgetWatch Regional Economy



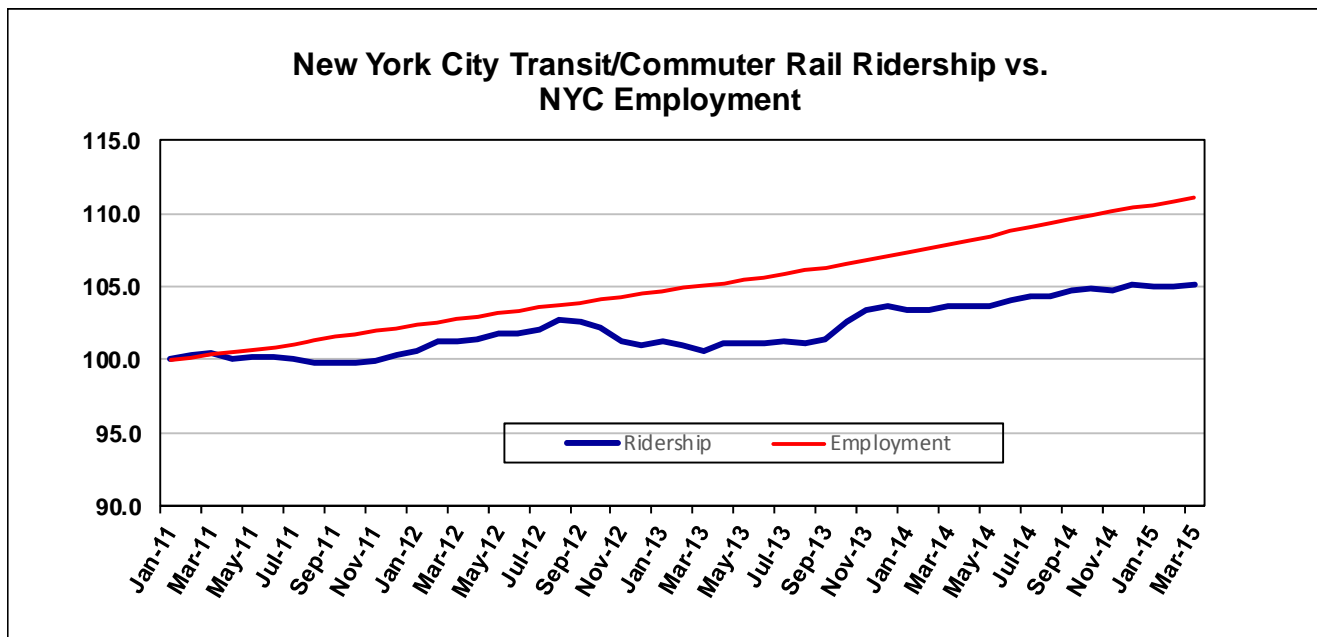
In March, seasonally adjusted New York City employment of 4.2 million was higher than in March 2014 by 107.9 thousand jobs (2.7%), and was higher than February 2015 by 8.2 thousand jobs (0.2%).

May 2015 BudgetWatch Regional Economy



Ridership and Employment

In December 2008, the twelve-month moving average for employment began to decline after increasing in 51 of the previous 59 months. For the next fifteen months in a row, the twelve-month moving average fell, and employment levels declined by 4.0%. However, since that time, the twelve-month monthly employment average has increased with almost no interruption (rising in 59 of the subsequent 60 months). Considering the more recent period since January 2011, while the twelve-month average has increased 10.8%, annualized (12-month average) New York City Transit/Commuter Rail ridership has grown by 5.0%. The twelve-month average for ridership in February 2015 was 1.6% higher than one year earlier.



May 2015 BudgetWatch Regional Economy

Consumer Price Index

Goods Reporting Price Increases in March 2015 Compared to February 2015

- Medical Care
- Transportation
- Gasoline

· Apparel

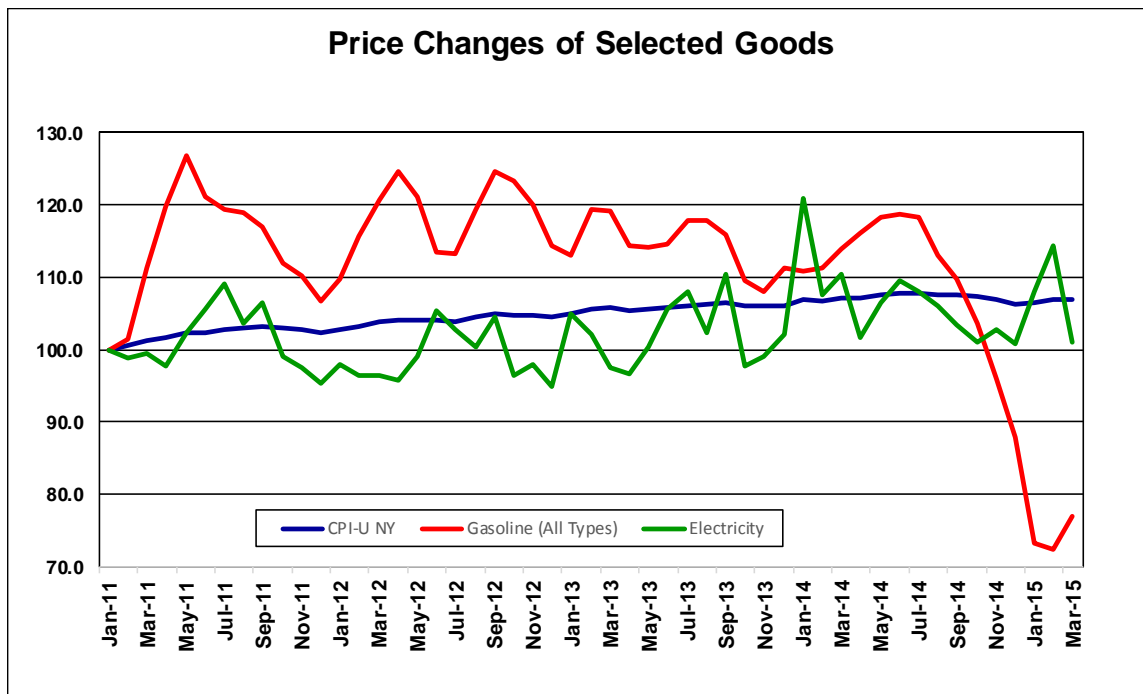


Goods Reporting Price Declines in March 2015 Compared to February 2015

- Food
- Electricity

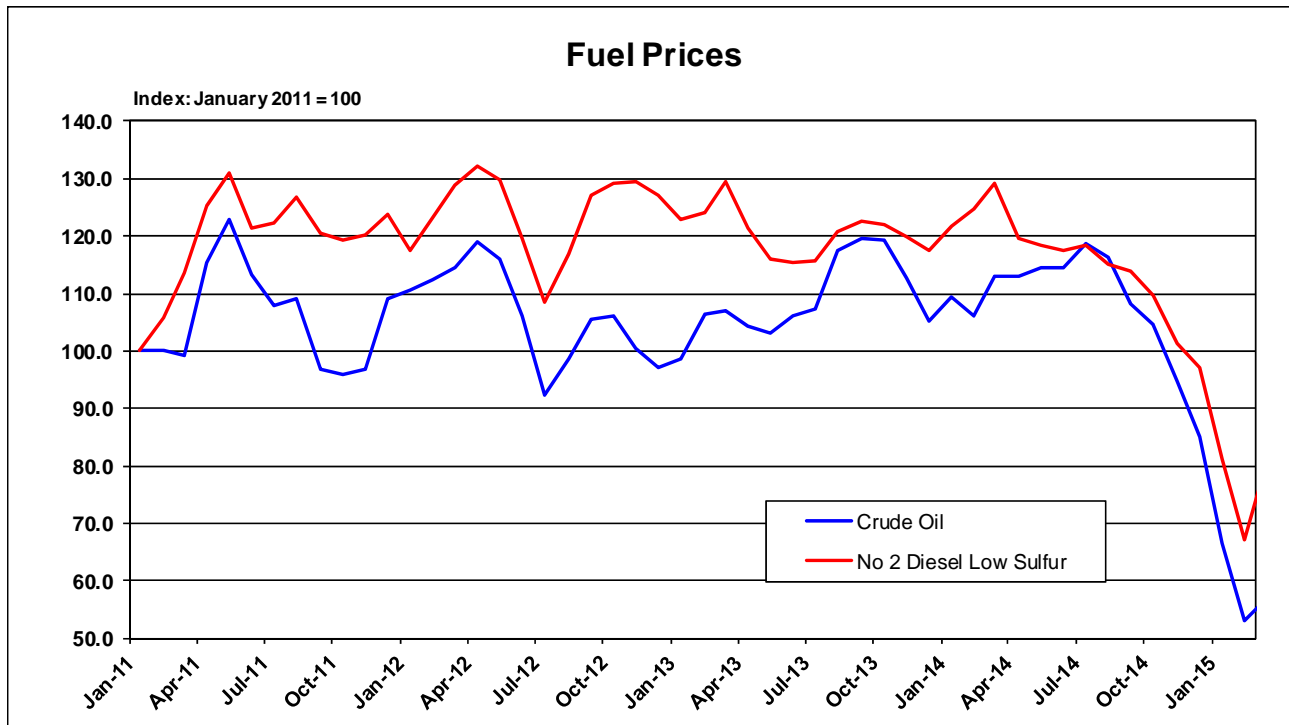


NY-NJ-CT Consumer Price Index All Urban Consumers (CPI-U)	Mar-15	Feb-15	Mar-14	Increase / (Decrease) Mar-15 vs			
				Feb-15		Mar-14	
				Net	Percent	Net	Percent
Regional CPI-U	259.6	259.2	260.0	0.4	0.2%	(0.32)	-0.1%
Medical Care Component	449.8	447.3	433.2	2.5	0.6%	16.60	3.8%
Electricity Component	184.5	208.7	201.6	(24.2)	-11.6%	(17.13)	-8.5%
Gasoline (all grades) Component	191.0	179.4	282.8	11.6	6.5%	(91.82)	-32.5%
National CPI-U	236.1	234.7	236.3	1.4	0.6%	(0.2)	-0.1%



May 2015 BudgetWatch Regional Economy

Fuel Prices

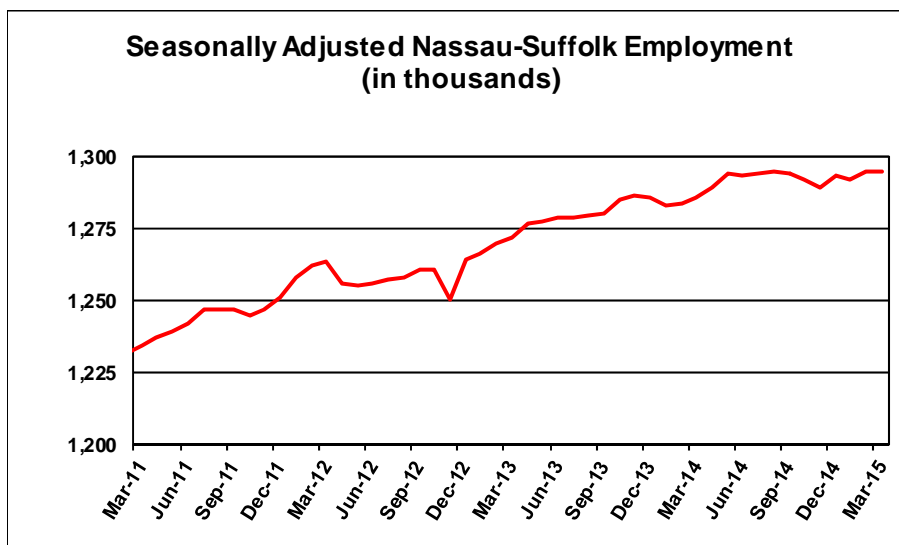
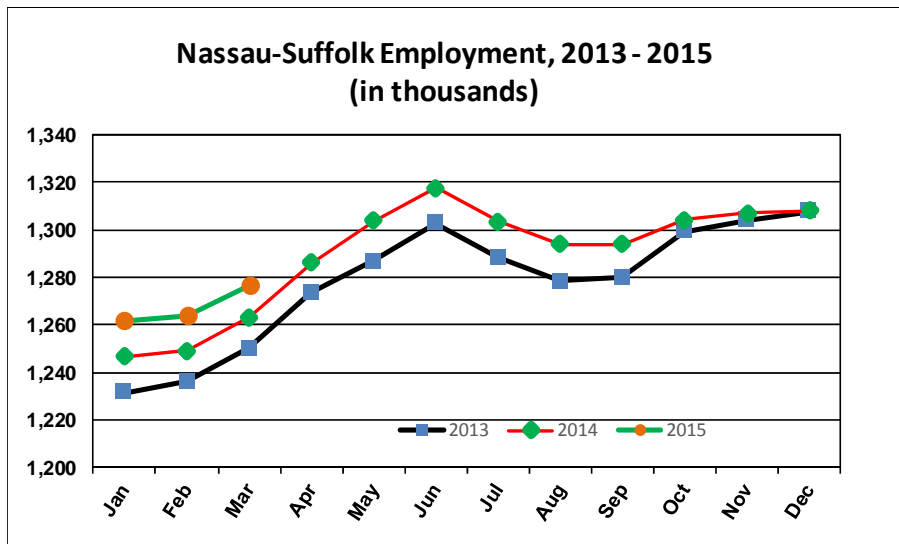


Fuel Prices New York Spot Prices	Spot Price on:	Change, Mar '15 vs.				
		05/04/15	Mar-15	Feb-15	Mar-14	Feb-15
	Crude Oil *	58.92	47.82	50.58	100.8	-5.5%
Conventional Regular Gasoline **	1.94	1.64	1.61	2.75	2.3%	-40.3%
Low Sulfur No.2 Diesel Fuel **	1.98	1.86	1.99	2.99	-6.8%	-38.0%
No.2 Heating Oil **	1.85	1.63	1.87	2.91	-12.9%	-44.0%

*\$ per barrel, ** \$ per gallon

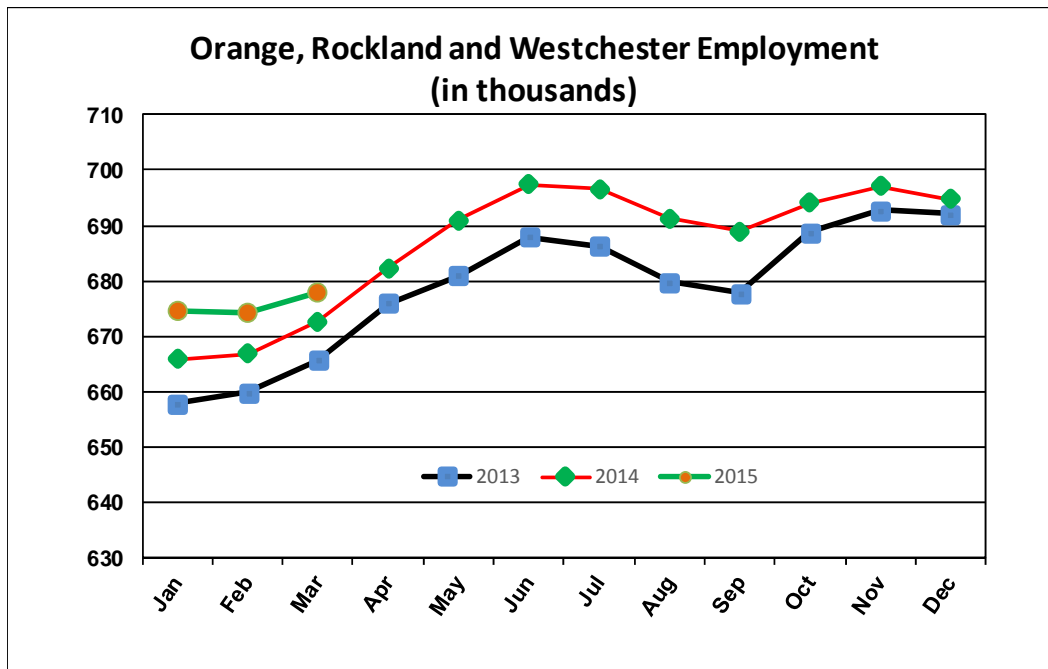
May 2015 BudgetWatch Regional Economy

Nassau & Suffolk Employment (in thousands)	Gain / (Loss) Mar-15 vs						
	Prelim Mar-15	Revised Feb-15	Mar-14	Feb-15		Mar-14	
				Net	Percent	Net	Percent
Total Employment	1276.7	1264.0	1263.3	12.7	1.0%	13.4	1.1%
Goods Producing	134.9	133.2	136.7	1.7	1.3%	(1.8)	-1.3%
Construction, Mining, Nat Res	63.6	62.7	64.8	0.9	1.4%	(1.2)	-1.9%
Manufacturing	71.3	70.5	71.9	0.8	1.1%	(0.6)	-0.8%
Service Producing	1141.8	1130.8	1126.6	11.0	1.0%	15.2	1.3%
Transportation, Utilities	41.9	41.1	40.8	0.8	1.9%	1.1	2.7%
Trade	227.2	226.9	225.2	0.3	0.1%	2.0	0.9%
Information	21.2	21.2	22.2	0.0	0.0%	(1.0)	-4.5%
Financial Activities	71.3	70.6	72.2	0.7	1.0%	(0.9)	-1.2%
Education & Health Svcs	165.0	164.1	162.8	0.9	0.5%	2.2	1.4%
Professional & Business Svcs	249.0	246.2	242.7	2.8	1.1%	6.3	2.6%
Leisure & Hospitality	112.2	107.4	108.5	4.8	4.5%	3.7	3.4%
Other Services	57.4	57.1	56.4	0.3	0.5%	1.0	1.8%
Government	196.6	196.2	195.8	0.4	0.2%	0.8	0.4%



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Orange-Rockland-Westchester Employment (in thousands)	Gain / (Loss) Mar-15 versus						
	Prelim Mar-15	Revised Feb-15	Mar-14	Feb-15		Mar-14	
				Net	Percent	Net	Percent
Total Employment	677.8	674.3	672.6	3.5	0.5%	5.2	0.8%
Goods Producing	61.9	61.3	62.2	0.6	1.0%	(0.3)	-0.5%
Mining, Logging & Construction	32.7	32.2	32.3	0.5	1.6%	0.4	1.2%
Manufacturing	29.2	29.1	29.9	0.1	0.3%	(0.7)	-2.3%
Service Producing	615.9	613.0	610.4	2.9	0.5%	5.5	0.9%
Transportation, Utilities	24.0	24.1	23.8	(0.1)	-0.4%	0.2	0.8%
Trade	115.0	114.0	115.8	1.0	0.9%	(0.8)	-0.7%
Information	13.1	13.0	13.7	0.1	0.8%	(0.6)	-4.4%
Financial Activities	36.2	36.5	36.6	(0.3)	-0.8%	(0.4)	-1.1%
Education & Health Svcs	84.1	84.4	83.5	(0.3)	-0.4%	0.6	0.7%
Professional & Business Svcs	145.6	144.9	139.6	0.7	0.5%	6.0	4.3%
Leisure & Hospitality	58.1	56.4	58.0	1.7	3.0%	0.1	0.2%
Other Services	30.8	31.0	30.1	(0.2)	-0.6%	0.7	2.3%
Government	109.0	108.7	109.3	0.3	0.3%	(0.3)	-0.3%



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Regional Economy

Dutchess-Putnam Employment (in thousands)				Gain / (Loss) Mar-15 vs.			
	Prelim Mar-15	Revised Feb-15	Mar-14	Feb-15		Mar-14	
				Net	Percent	Net	Percent
Total Employment	141.3	139.8	141.5	1.5	1.1%	(0.2)	-0.1%
Goods Producing	17.3	17.0	17.3	0.3	1.8%	0.0	0.0%
Construction, Mining, Nat Res	6.9	6.6	6.6	0.3	4.5%	0.3	4.5%
Manufacturing	10.4	10.4	10.7	0.0	0.0%	(0.3)	-2.8%
Service Producing	124.0	122.8	124.2	1.2	1.0%	(0.2)	-0.2%
Transportation, Utilities	3.8	3.8	3.7	0.0	0.0%	0.1	2.7%
Trade	20.0	19.7	19.9	0.3	1.5%	0.1	0.5%
Information	1.9	1.9	1.9	0.0	0.0%	0.0	0.0%
Financial Activities	4.9	4.9	5.0	0.0	0.0%	(0.1)	-2.0%
Education & Health Svcs	11.4	11.3	11.0	0.1	0.9%	0.4	3.6%
Professional & Business Svcs	37.1	36.9	37.3	0.2	0.5%	(0.2)	-0.5%
Leisure & Hospitality	12.1	11.7	12.4	0.4	3.4%	(0.3)	-2.4%
Other Services	6.7	6.7	6.5	0.0	0.0%	0.2	3.1%
Government	26.1	25.9	26.5	0.2	0.8%	(0.4)	-1.5%

